



<b>Description of Meeting:</b>	<b>Cost Allocation Committee Meeting</b>
<b>Meeting Date:</b>	<b>May 24, 2010</b>
<b>Meeting Minutes Prepared By:</b>	<b>Lyndee Restad</b>
<b>Approved for Posting:</b>	<b>June 14, 2010</b>

**Attendee List:** Marshall Empey, Sharon Helms, Matt Muldoon, Marcy Norby, Lyndee Restad, Lou Ann Westerfield, Curt Winterfeld,

**Committee Members Not in Attendance:** Rich Bayless, Brian DeKiep, Bryce Freeman, Marc Hellman, Sam Liu, Jim Logan, Larry Nordell, Joni Zenger, Darrell Zlomke

**1. Agenda:**

- Review draft notes from the May 3, 2010 Cost Allocation Committee meeting; modify as required and approve to post
- Report on cost allocation approach/methods used within RTOs. (Brian D.)
- Status update on development of methodology details via a "case study" (Lou Ann W)
  - Can we develop a list of what costs and what benefits will be part of the process?
- Discussion of WGA's process with respect to recommendations on cost allocation
- Roundtable/Next Steps

**2. Decisions / Discussions:**

**Discussion: Review draft notes from the May 3, 2010 Cost Allocation Committee meeting; modify as required and approve to post**

- The notes were approved to post as is on the NTTG website

**Discussion: Report on Cost Allocation approach/methods used within RTOs**

- Brian DeKiep developed a survey report of RTO Cost Allocation Tariffs. The report was distributed to the Committee prior to the meeting.
- Committee members had conflicting opinions on the report approach:
  - There is a concern that performing cost allocation in such detail could potentially outweigh any benefits from a solution
  - The studies are too costly to warrant doing them
  - The studies may be costly, but the amount of dollars that can be saved from the result can be extremely beneficial
  - On the reliability side, tension could be created and the CAC may not be able to do an analysis within the NTTG footprint without assistance from WECC
  - The methodology of the report is still in flux, the methods selected are tentative and can change
  - The report is more of an "Ad Hoc" and a rule of thumb to show how different methodologies can be utilized

**Discussion: Status update on development of methodology details via a “case study”**

- The Western Wind and Solar Integration study and data set are now available on the NREL website
  - This study/data set contains the most current and “western” information on transmission costs
  - WY and UT are included in the study, OR, MT and ID are not
  - This study gives a realistic and up-to-date overview on long line transmission costs
  - The Cost Allocation Committee will be utilizing this study to assist with developing a Cost Allocation methodology
- An area that needs additional research is what constitutes the costs of the transmission
  - What are the production cost benefits?
    - Will the CAC have the ability to import or spread around resources to meet RPS standards
- Different states have different views on production costs, what one state has might not work for another state. With this in mind, we can’t create a methodology based on production cost
  - Curt Winterfeld (or Lou Ann) will circulate a Nevada report regarding allocation of the “ON Line” costs between Sierra Pacific and Nevada Power that quantifies benefits associated with production costs
- Lou Ann Westerfield will develop a Strawman report and distribute it to the Committee prior to June 14<sup>th</sup>
  - The Report will cover the methodologies that have been discovered to-date and how they can be utilized

**Discussion: WGA’s process with respect to recommendations on Cost Allocation**

- Part B of the process involves developing a recommendation on Cost Allocation
- Steve Oxley and Marsha Smith have apparently volunteered to lead this process for the WGA
- The question has been raised as to whether the CAC should be proactive in presenting the NTTG principles/approach on cost allocation, or wait and see what, if any, input the WGA requests from NTTG

**Decision: The Committee will, for now, will be reactive to requests for information from the WGA. Lou Ann will inquire as to how much they would like the NTTG Cost Allocation committee to be involved.**

**Discussion: Roundtable/Next Steps**

- The May 31<sup>st</sup> Cost Allocation meeting will be cancelled in lieu of the Memorial Day Holiday
- The next CAC meeting will be held on June 14<sup>th</sup>
- The Committee was reminded that it should consider the information it will present to stakeholders relative to Northern Tier’s cost allocation process and any modifications that may result from the analysis currently being performed. The stakeholder meeting is scheduled for August 4<sup>th</sup> and presentation content and recommendations should be prepared by mid to late July. It was also noted that the Planning Committee has modified its approach and will be looking at scenarios vs. specific projects. The CAC will need to consider implications of this change.
- A recommendation was made to develop disclaimers on any numeric analysis or cost information that is created by the Planning Committee and publically available.



**3. Assignments:**

Item #	Assignment	Owner	Target Date	Status
1.	Circulate a Nevada report regarding allocation of the "ON Line" costs between Sierra Pacific and Nevada Power that quantifies benefits associated with production costs	C. Winterfeld L. Westerfield	Prior to 6/14	
2.	Develop a Strawman report and distribute to the Committee	L. Westerfield	Prior to 6/14	
3.	Distribute a list of Planning Committee Milestone and draft approaches/deliverables to CAC Committee Chair for review and consideration	S. Helms		
4.	Present the CAC's disclaimer recommendation to the Planning Committee	S. Helms		
5.	Cancel the Cost Allocation Committee meetings on 5/31 and 6/7	L. Restad	Completed	
6.	Distribute a meeting invitation for the 6/14 meeting	L. Restad	Completed	

**Next Meeting:** The next Northern Tier Cost Allocation Committee meeting is scheduled for Monday, June 14<sup>th</sup> at 1pm Pacific.

- Voice Conference Mtg. **503-813-5600** (toll free #800-503-3360)
- Meeting ID **688444** and password **123456**